

NEBRASKA INVESTMENT COUNCIL
MINUTES OF THE MEETING OF
March 9, 2023
Draft dated 3/10/23

A regular meeting of the Nebraska Investment Council convened at 8:30 a.m. at the Cornhusker Marriott Hotel, in Lincoln, Nebraska.

The Council Board members were notified of this meeting at the September 8, 2022 Council meeting. Public notice was posted on the Investment Council website on December 16, 2022. The meeting agenda and other materials were posted on the Investment Council website on March 3, 2023. Ms. Werner-Robertson chaired the meeting, Mr. Walkowiak prepared the minutes.

COUNCIL BOARD MEMBERS PRESENT:

Ms. Gail Werner-Robertson, Chair
Dr. Richard DeFusco
Mr. John Dinkel
Dr. Keith Olson
Mr. Shane Rhian, Administrator - OSERS
Treasurer John Murante
Mr. Tom Henning (appointed, not yet confirmed)

COUNCIL BOARD MEMBERS ABSENT:

Mr. Randy Gerke, Director - NPERS

OTHERS IN ATTENDANCE:

Mr. Michael Walden-Newman, State Investment Officer
Mr. Justin Walkowiak, Council Secretary
Ms. JoLynn Winkler, Nebraska Investment Council
Mr. Joe Jurich, Nebraska Investment Council
Mr. Chris Sanders, Nebraska Investment Council
Mr. Joe Spitznagel, Nebraska Investment Council
Mr. Jeremiah Garber, Nebraska Investment Council
Ms. Joyce Schlautman, Nebraska Investment Council
Ms. Aathi Rasiah, Nebraska Investment Council
Mr. Chris Heinrich, O'Neill Damkroger Bergmeyer Schultz
Mr. Max Kotary, Aon
Mr. Bruce Ingram, Aon
Mr. Ryan Walton, Department of Administrative Services, Budget Division
Ms. Melissa Nuss, NPERS
Mr. Joe Francis

ADVISE THE PUBLIC THAT THE OPEN MEETINGS LAWS APPLY: 8:32 a.m. to 8:33 a.m. Ms. Werner-Robertson advised that the Nebraska Open Meetings Act applies and stated that a copy of the Open Meetings Act is located at the entrance with a public copy of the meeting materials.

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CHAIR'S COMMENT: 8:33 a.m. to 8:34 a.m. Ms. Werner-Robertson welcomed attendees, she thanked everyone for coming, and for all the hard work they have done and will continue to do as we search for a new SIO.

APPROVAL OF THE CORRECTED MINUTES OF THE SEPTEMBER 8, MEETING: 8:35 a.m. Dr. DeFusco moved to approve the corrected minutes of the september 8, 2022, meeting. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Dr. DeFusco
 Mr. Dinkel
 Dr. Olson
 Ms. Werner-Robertson

The motion carried.

APPROVAL OF THE MINUTES OF THE DECEMBER 8, MEETING: 8:35 a.m. Dr. Olson moved that the December 9, 2022, draft of the minutes of the December 8, 2022, meeting be approved as written. Dr. DeFusco seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Mr. Dinkel
 Dr. Olson
 Ms. Werner-Robertson
 Dr. DeFusco

The motion carried.

APPROVAL OF THE MINUTES OF THE FEBRUARY 9, MEETING: 8:35 a.m. Dr. DeFusco moved that the February 10, 2023, draft of the minutes of the February 9, 2023, meeting be approved as written. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Dr. Olson
 Ms. Werner-Robertson
 Dr. DeFusco
 Mr. Dinkel

The motion carried.

CLOSED SESSION: SIO TRANSITION; ADVICE FROM LEGAL COUNCIL 8:36 a.m. to 10:07 a.m. Dr. DeFusco moved to enter closed session. The subject matter is a personnel matter, namely the retirement of the current SIO and hiring of a new SIO, and the receipt of legal advice related thereto. The reason for the closed session is to maintain the confidentiality of the personnel matter, protect information related to the personnel negotiations and strategy, and to maintain the confidentiality of advice received from legal counsel. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Ms. Werner-Robertson
 Dr. DeFusco
 Mr. Dinkel
 Dr. Olson

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The motion carried.

MOTION TO RETURN TO OPEN SESSION: 10:07 a.m. Dr. DeFusco moved to return to open session. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Dr. DeFusco
Mr. Dinkel
Dr. Olson
Ms. Werner-Robertson

The motion carried.

ACTION FROM CLOSED SESSION: 10:07 a.m. to 10:10 a.m. Dr. DeFusco moved to establish an ad hoc committee (the "Committee") for the purpose of assisting the Council with the search for a state investment officer ("SIO") to succeed Michael Walden-Newman who plans to retire at or near the end of 2023. The mandate of the Committee shall be to develop a list of qualified candidates for the SIO position and to present such list of candidates to the Council for its consideration as soon as practicable. The Committee shall work in cooperation with the external search firm hired by the Council to identify qualified candidates for the SIO position. The Committee shall not hold hearings, make policy or take formal action on behalf of or otherwise bind the Council. The Committee shall be dissolved without further action of the Council when the Committee's mandate is finished. The members and chair of the Committee shall be appointed by the Chairwoman, in accordance with the Council's Governance Policy on "Committees of the Council". Mr. Dinkel seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Mr. Dinkel
Dr. Olson
Ms. Werner-Robertson
Dr. DeFusco

The motion carried.

Dr. DeFusco moved to authorize the Chairwoman to enter into a contract on behalf of the Nebraska Investment Council (the "Council") to retain an external search firm to assist with the hiring of a state investment officer ("SIO") to succeed Michael Walden-Newman who plans to retire at or near the end of 2023. The Chairwoman shall choose an external search firm using the following criteria: experience in assisting public plan sponsors select senior investment professionals; experience of professional staff; competitive fees; and demonstrated success in filling senior level positions. The Chairwoman may execute and deliver a contract on behalf of the Council with an external search firm that meets the criteria set forth above and after such contract has been reviewed by legal counsel for the Council. The external firm shall be approved by the Governor as required by law. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Dr. Olson
Ms. Werner-Robertson
Dr. DeFusco
Mr. Dinkel

The motion carried.

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The Council Board took a break at 10:10 a.m. and reconvened at 10:20 a.m.

INVESTMENT PERFORMANCE REPORT: 10:21 a.m. to 10:46 a.m. Mr. Kotary reviewed the 4th Quarter 2022 performance report commenting on current market conditions, asset allocation, performance, and fund monitoring. Total assets under management were \$36.1 billion. The 4th Quarter 2022 performance review and the 3rd Quarter 2022 Alternatives performance report were included in the meeting materials. Discussion followed the presentation

PRIVATE EQUITY: 10:47 a.m. to 11:30a.m. Mr. Ingram reviewed 3rd Quarter Performance for the Private Equity Portfolio. Mr. Ingram commented on current market conditions, asset allocation, performance, pacing, and fund monitoring. The 3rd Quarter 2022 Private Equity performance report was included in the meeting materials. Discussion Followed the presentation.

Following the discussion Mr. Ingram, and Mr. Jurich recommended That the Nebraska Investment Council (the Council) make a \$57 million commitment to New Mountain Partners VII, L.P. (Fund VII) which is to be allocated to the following plans: \$50 million to the Defined Benefit and Cash Balance Benefit Plans and \$7 million to the Omaha School Employees' Retirement System. Approval is subject to completion of a legal review and satisfactory agreement of terms. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Ms. Werner-Robertson
 Dr. DeFusco
 Mr. Dinkel
 Dr. Olson

The motion carried.

The Council Board took a break at 11:30 a.m. and reconvened at 12:16 p.m.

AON: 12:16 p.m. to 1:13 p.m. Mr. Kotary presented on proxy voting and the number of passive managers utilized in public funds. Presentation materials were included in the meeting materials. Discussion followed the presentation. At its next meeting in June, the board will continue to discuss best practices related to proxy voting and potential changes to the Council's practices. The board also instructed Aon to bring to the June meeting a list of firms as additions to or alternatives for BlackRock across all of the portfolios under Council management.

Mr. Ingram left the meeting at 12:58 p.m.

AUDIT COMMITTEE REPORT: 1:13 p.m. to 1:22 p.m. Dr. DeFusco presented the Audit Committee quarterly report, joined by Ms. Schlautman, and Mr. Henning. The Council was updated on all the Audits issued, in progress, and set to begin. There were no other outstanding issues to report.

ADMINISTRATIVE REPORT: 1:22 p.m. to 1:41 p.m. Mr. Walden-Newman presented the administrative report. In the report he discussed the action plan, Quarterly Securities Lending Report, budget report and updated the Council on this Legislative Session.

NEXT MEETING: 1:42 p.m. Thursday, June 8, 2023 8:30 a.m. Tiburon Golf Club, Omaha, NE.

PUBLIC COMMENT ON THE AGENDA: 1:42 p.m. Ms. Werner-Robertson asked if there were any public comments on the agenda. There were no comments on the agenda.

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at 1:42 p.m. Dr. DeFusco moved to adjourn the meeting. Dr. Olson seconded the motion. Ms. Werner-Robertson called for a roll call vote.

VOTING AYE: Dr. DeFusco
Mr. Dinkel
Dr. Olson
Ms. Werner-Robertson

The motion carried.

Draft date February 10, 2023

Justin Walkowiak

